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SIPDIS

DEPT FOR EEB/ESC DAS DOUG HENGEL AND NEA/ARP JOSH HARRIS  
TREASURY DEPARTMENT FOR ANDREW BAUKOL

E.O. 12958: DECL: 07/27/2019

TAGS: [ECON](#) [EINV](#) [PINR](#) [PGOV](#) [CJ](#) [SA](#)

SUBJECT: MORE ON FINANCIAL TROUBLE AT GOSAIBI AND SAAD  
GROUPS, AND CAYMAN COURT DECISION, FROM GOSAIBI FAMILY

REF: DHAHRAN 168

Classified By: DCM David Rundell for reasons 1.4 (b) and (d).

¶1. (C) Summary: Saud Al-Gosaibi (strictly protect), chairman of the Ahmad Hamad Al-Gosaibi and Brothers Co (AH Al-Gosaibi), told Econoff that a court in the Cayman Islands decided July 24 to freeze 9.2 billion dollars of Maan Al-Sanea's assets. Saud hopes this ruling will put pressure on the Saudi central bank (SAMA) to investigate Al-Sanea's role in AH Al-Gosaibi's defaults. Saud asserted that SAMA favored Al-Sanea in the investigation and implied it would be possible to link Al-Sanea to more nefarious international criminal activities. We must stress that to date the Gosaibi family is our only source of information on these allegations. End Summary.

¶2. (SBU) At the invitation of Abeer Alghamdi (Saud Al-Gosaibi's wife), Econoff visited the Gosaibi home for breakfast in Riyadh July 27. Somewhat unexpectedly Saud al-Gosaibi and his brother Yusuf also were there. Saud and Yusuf explained they had come to Riyadh to meet with "the SAMA committee" (NFI) that day at 1pm to discuss the ongoing financial trouble of AH Al-Gosaibi and the Saad Group. Combined, the two Saudi firms have defaulted on roughly \$7 billion of nearly \$17 billion in debt. Saud Al-Gosaibi blames his brother-in-law, Saad Group's owner Maan Al-Sanea -- previously involved heavily in both firms' business operations -- for both their current difficulties.

¶3. (C) Saud said that a court in the Cayman Islands decided July 24 to freeze 9.2 billion dollars of Maan's assets, including 41 companies Al-Sanea reportedly has registered there. This information is not yet public but should be in the press once Maan is served by the court, he said.

¶4. (C) Saud hopes this ruling will put pressure on the Saudi Arabian Monetary Agency (SAMA) committee, which he said includes a bank inspector and a lawyer, to resolve the investigation into Al-Sanea's role in their company's defaults. Saud asserted the committee still had not started any "real" investigation. SAMA Governor Muhammad Al-Jasser wants a peaceful resolution and is only interested in saving the banks, he said, not in uncovering the truth about what had been going on in the business groups involved. Referring to King Abdullah, Saud explained "the Monarch is on our side, SAMA is on Maan's side." According to Saud, SAMA has presented the Gosaibis with an arrangement in which Al-Sanea would be liable for 40 percent of the debt and the Gosaibis for 60 percent. This arrangement had been discussed with Al-Sanea but was a non-starter for the Gosaibis, and in particular Saud said "we can't afford" 60 percent of what is owed (Note: This is the first solid indication we have had that the Gosaibis will not be able to meet their debts should

their legal efforts to shift them to Al-Sanea fail).

15. (C) Regarding the recently-publicized legal case in New York in which the Gosaibis are suing Al-Sanea, Saud said his lawyer was talking to Al-Sanea's lawyer and the case could move to London. The U.S. court reportedly is interested in the money laundering aspects of the case. Outside of their immediate financial concerns, Saud implied Al-Sanea could be linked to more nefarious international criminal activities. Saud said Al-Sanea two years ago spent two weeks in southern France with a Russian businessman, holding several confidential meetings onboard a yacht off the French coast. Saud implied this information came to light during the Gosaibi family's investigation into Al-Sanea's activities.

16. (C) Comment: Saud appeared stressed about the upcoming SAMA meeting. He constantly tapped his feet and chain-smoked throughout the breakfast meeting. Although it was somewhat unexpected that Saud and his brother would be at the breakfast, the Gosaibis are clearly eager for the U.S. government to hear their side of this dispute. Post passes on the potential lead information in paragraph five to relevant agencies for review. End comment.  
RUNDELL